



NEWS

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SBA SELLS SECOND PACKAGE OF PORTFOLIO LOANS; WINNING BIDS TOTAL \$530 MILLION

WASHINGTON – The U.S. Small Business Administration's (SBA) second sale of loans from its growing small business and disaster loan portfolio brought in winning bids totaling \$530 million, SBA Administrator Aida Alvarez announced today.

The sale was the largest federal credit agency loan sale of its kind ever conducted. Combined with SBA's first sale of portfolio loan assets last year, this week's event brings the total revenues raised by the SBA and turned over to the U.S. Treasury to \$725 million.

"The economy is booming, small businesses are booming, and the SBA asset sales program is booming along with them," Administrator Alvarez said. **"In the atmosphere of prosperity and fiscal discipline established by the Clinton/Gore Administration, we are very pleased with these results."**

"This is another milestone in our aggressive strategy for reinventing the SBA as a 21st century leading edge institution," Administrator Alvarez continued. **"It's also an example of how we are applying sophisticated new technology and modern fiscal management tools to change the way we do business."**

This week's asset sale established innovative techniques for marketing and other tasks in such sales, including webcasting bidders' conferences and using the Internet to allow bidders to perform due diligence over high-speed remote access lines. Both were firsts for the SBA and the federal government.

"The innovative use of technology to support the sale is representative of the agency's comprehensive multi-year systems modernization program, and of our overall aggressive management improvements at the SBA," Administrator Alvarez said.

"SBA's systems modernization project will allow us to continue down this path – saving money for the taxpayers, turning more of our loan servicing functions over to the private sector and making more efficient use of our people and our resources, so that we can

concentrate on our core mission: helping America's small businesses become more successful."

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The sale included 26,283 direct and guaranteed loans made under the 7(a), 504 and disaster assistance loan programs. The unpaid principal balances for the performing and non-performing loans included in the sale totaled approximately \$1.2 billion.

A similar sale last year of more than 4,000 small business loans – with an unpaid principal balance of approximately \$332 million – brought in \$195 million.

The loans sold this week were divided among 75 loan pools in order to maximize value. SBA received 203 bids from 14 different bidders for the 75 different loan pools. The loan pools were sold in packages to Atlantic National Trust Limited Liability Co. (Portland, ME), Loan Participation Partners, Ltd. (Dallas, TX), and National Collectors & Liquidators, L.P. (Stafford, TX).

SBA Deputy Administrator Fred P. Hochberg, who approved the six (6) winning bids to the three winners, said the agency was very pleased by the interest and participation in SBA's second loan sale.

"Market participation in this sales effort was very strong," Deputy Administrator Hochberg said. "We are pleased with the number of bids we received and with the prices offered for the loans. The high level of participation bodes well for the future of this program."

The sales are part of an innovative program to reduce the balance of SBA-held loans by up to \$10 billion over a three-to-four-year period, under a government-wide initiative to sell federal loan assets to the private sector. SBA will use the mechanism established during that period to sell up to \$1 billion in loans every year thereafter.

The SBA has already begun work on its third sale and is anticipating a bid date in early December 2000. Bid packages for that sale should be available in mid-September. The SBA's fourth sale is also in the planning stages.

For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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